Antipodean Advisory

Antipodean Private Pty Ltd
133 Alexander Street
Crows Nest NSW 2065
Phone: 1300 101 250
Mobile: 0438 893 571
Email: michael@antipodeanadvisory.com
Web: www.antipodeanadvisory.com

October 2019 Market Wrap Friday 1 November 2019

Despite a positive performance for global markets, Australian equities finished October in negative territory as the S&P/ASX 200 closed the month down 0.4%. Notwithstanding a gloomy start to the fourth quarter, the S&P/ASX 200 is still on track for its best year since 2009, with a year-to-date total return of 22%.

Globally stocks closed near record highs with US- China trade fears reduced. A Brexit solution of sorts and a third UK national election since 2015. These continue to be a key focus a suitable solutions will calm markets.

The US Federal Reserve cut rates for the third time this years but signalled it wouldn't reduce then further unless the economy slowed sharply. Lowering the rate to 1.50 to 1.75 percent.

- "Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. In light of the implications of global developments for the economic outlook as well as muted inflation pressures, the Committee decided to lower the target range for the federal funds rate to 1-1/2 to 1-3/4 percent."

The Reserve Bank of Australia (RBA) cut rate at the start of the month by 25 basis points to 0.75 cent.

- "The decision to lower interest rates further today to support employment and income growth and to provide greater confidence that inflation will be consistent with the medium-term target. The economy still has spare capacity and lower interest rates will help make inroads into that."
- "It is reasonable to expect that an extended period of low interest rates will be required in Australia to reach full employment and achieve the inflation target."

Rate cuts take three to six months to feed into the economy. So it is reasonable to expect the RBA stays on hold in November and watch numbers, the markets is still looking at another 25bpts cut. Unemployment will be the key focus for the next move more likely at best February next year. The currency is the key risk to timing, if the Aussie gets stronger the RBA will move lower.

The annual rate of decline in housing values has moved through a trough as housing market conditions improve. National dwelling values posted a 1.7% life over the three months ending September, the highest quarterly gain since Jun-17.

Although values are still broadly trending lower, on an annual rate the decline has levelled. Settlement volumes are still lower than a year ago, rental rates fell for the third consecutive month and rental yields are trending lower. Volume of stock listed for sale is almost 20% lower nationally.

Antipodean Private Pty Ltd
133 Alexander Street
Crows Nest NSW 2065
Phone: 1300 101 250
Mobile: 0438 893 571
Email: michael@antipodeanadvisory.com
Web: www.antipodeanadvisory.com

Housing credit is expanding at a historically slow pace, Investor activity has faded over the past couple of years and is yet to show a rebound.

Summary of Major share indices

Index	1 Month	52 Weeks	YTD
DJIA	+3.23%	+6.56%	+15.94%
Nasdaq	+3.66%	+17.62%	+24.97%
S&P 500	+4.36%	+10.76%	+21.17%
Russel 2000	+5.12%	+1.13%	+15.86%
Europe 600 Index	+2.26%	+11.59%	+17.50%
UK FTSE 100 Index	-1.52%	+3.02	+7.73%
Hong Kong Hang Seng	+3.12%	+9.44%	+4.11
Japan Nikkei 225	+4.76%	+6.85%	+14.55%
China Shanghai Composite	+0.82%	+14.06%	+17.45%
ASX 200 (Australia)	-0.35%	+14.79%	+22.12%

Australian Dollar

	Close	52 week Range
AUD	0.6891%	0.6671-0.7394%

Government Bonds

	Close	52 week Range
US 3 Month	1.544%	1.532-2.487%
US 10 Years	1.689%	1.431 – 3.251%
US 30 Years	2.179%	1.903 - 3.465%
Australia 10 years	1.101%	0.864-2.799%

Source: Wall Street Journal.